

**Speech by Mr. M C Munjal, Managing Director, Majestic Auto Ltd. at HCL Mind Conclave, Ludhiana**

It is my proud privilege to be in the list of these great personalities who have participated in these Conclaves. Mindia, is a great movement, its brand India, its making us realize our potential and that's one of the greatest things if we are able to realize what and how much we can do. I was there in Switzerland we arrived at the station by train, and the person who received me we just talked that the train was on time, this is that special land where we don't call it late if it is not more than one minute late, then he said all the software, airlines companies come from India, how come trains in India and Airlines in India are never on time? (Laughter)

I think its been a very serious session so far and now its really the time to celebrate Indian Mind and be happy about it, I talked of American Indian, a stockbroker a totally materialistic person, they bought beautiful car, they came to the wall street, instead of going to the parking they stopped at the road side, liked the show off, when he opened the door and was about to get out a truck banged him on the door, he was feeling so bad his door got chopped off, immediately he got off the car the truck stopped, and he was furious and the policemen was doing nothing he asked him he nagged my door, why are you doing nothing you are just standing watching me, he said I am not watching your door, I am watching your arm on the floor he said oh my God, my Rolex broke. (Laughter)

They say in USA 2% intelligent make the remaining 98% look intelligent, I am sure out of these 2%, 30-40% would be Indians and I hope some day it happens in India also because at least we have 50% intelligent minds in India and have the other people also looking at it IIT and IIM is a big brand name outside India, of course in India too they have really made big name and where ever they are there they are trusted too. They are like US known for their commitment and standard.

My subject is slightly different I have taken as what the film has shown, the way HCL has depicted the subject and there is similarity in what HCL and what I am going to talk about, Hero Cycles Ltd. and that coincidentally is HCL, also one part of the subject is what are the minds doing in this area? The context has been taken from two different parts of the same city, so I will be referring to more of this part what is happening in Indian Mind.

I will just read out a letter written by Shri G D Birla in the year 1934 to his son Basant...

Pita Ka Patra Putra Ke Naam

Chi Basant,

Yeh jo likhta hun usse bade hokar aur boodhe hokar bhi padhna, apne anubhav ki baat karta hoon. Sansaar mein manushya janam durlabh hai. Yeh sach baat hai. Aur manushya janam pakar jisne shareer ka durupyog kiya woh pashu hai. Tumhare paas dhan hai, achhe sadhan hai, unka seva ke liye upyog kiya tab to sadhan sambhav hai anyatha ve shaitaan ke auzaar hain. Tum itni baaton ka dhayan rakhna:

1. Dhan ko mauj shaukh mein kabhi upyog na karna. Ravan ne Mauj shaukh ki thi. Janak ne seva kit hi. Dhan sadaa rahega bhi nahi, isliye jitney din paas mein hai uska upyog seva ke liye karo. Apne upar kam kharch karo, baaki dukhiyon ke saath door karne mein vyay karo.
2. Dhan shakti hai. Is shakti ke nashe mein kisi ke saath anyatha ho jana sambhava hai, iska dhyan rakho.
3. apni santaan ke liye yahi upadesh chhorkar jao, yadi bachhe aish araam wale honge, to paap karenge aur vyapaar ko chaupat karenge. Aise nalayakon ko dhan kabhi na dena, unka haath mein jaye hum bhaiyon ne vyapaar ko badhaya hai to yeh samajhkar kit um log dhan ka sadupyog karenge.
4. Sada yeh dhyaan rakhna ki tumhara dhan yeh janta ki dharohar hai. Tum usse apne swarth ke liye upyog nahi kar sakte.

5. Bhagwan ko kabhi na bhoolna, woh achhi budhhi deta hai
6. Indriyon par kabu rakhna warna yeh tumhe dubo degi.
7. Nitya Niyam hai vyavsaay karna.
8. Bhojan ko dawa samajhkar khana. Jo swad ke vash hokar khate hai woh jaldi mar jaate hain aur kaam nahi kar paate hain.

Warren Buffet found Wal-Mart suddenly the press released that they will become the richest the biggest, they all interviewed they all covered him in the magazines, there after one lady who interviewed him called up and said I have covered up your story completely but until now I have not understood the crucial or critical point which made you so successful, he said when you see that you find out, I don't know, you all told me that I have become so successful, do me a favor, can you send me all those photographs that you clicked of me , so that I can give to others and don't have to get them again and create the bog again, so this lady says yes sir I have understood how have you become this rich if you are worried that somebody should not send money again on this block which is already created by me, then I have understood what made you successful.

At the same time there was a magazine called Japan cycle press, they published the sales figures of in number of bicycles made in the world by each company and they sent us a copy and we found that our name is on the top, Hero Cycles, they said it is figures outside China, and we do not know Chinese figures, so outside China you are the biggest. Then the team came from the Guinness book of world records and verified and they made us realize that we are the largest manufacturers of bicycles in the world, we are there since 1967 or so. That's the time in sales we crossed Atlas cycles that means the biggest the largest manufacturers of bicycles are here in India and I am going to discuss how it happened, what happened in this part of the country.

When Honda motors were coming to find a partner in this country, they started with a list of about 93 companies, in the first visit there were few visit they visited 53 companies, in second visit it came down to have and then in one or two years 169 people came and they zeroed down to two companies, Hero cycles finally took the deal, they made us realize some of our good points, some of our points that were common in them one of them was just in time. Like HCL was started by 6 young people, Hero Cycles was started by 4 young people. The bicycle production started way back in 1956 and last year we celebrated 50 years. We started as a bicycle shop importing bicycles from UK, from there we started manufacturing components and the time came when the chief minister from Punjab, Pratap Singh Gehlot, he called 20 young boys from Ludhiana and told them give them here is the license to manufacture bicycles, get started right now, everybody was surprised, somebody was making a handle, somebody was making a fork, somebody was making a chain – how can we make the whole bicycle? Its too big its too much, he said what is the problem, let look at it, where will we get our tyres, rims, wheels, etc we will import them , we will get them from where ever they are, so that is the time we got licenses to manufacture bicycles and we started manufacturing 25 bicycles a day.

All 4 of them all just passed Xth class, a chartered accountant our internal auditor, after they discuss with them they ask are you a CA or machinery suppliers asks are you engineers? Mr. Bigmilla have been awarded the degree of doctorate from Banaras Hindu University, all along we have come along from the humble beginning to this, there are history/ events which now we realize in management terms what is all this.

As we see now the vision of our group, we have tried to provide products at lowest possible price, to provide best products at lowest prices, "Honda –differs on the word Lowest" that is what has made us the largest producer, when Honda people came here they differed on one part of this they said when we are giving good quality we should not be lowest price. The growth has been our main object we have never gone ahead with money part of it, if you work hard, world will follow.

Today we are at 18000 bicycles per day, the company started in and around Ludhiana, only two exist now, Hero Cycles and A1, the difference was at the time there used to be quota for steel, for coal, and other and some people found selling that itself gives you a lot margin than coming here manufacturing bicycles and then selling them, but we never looked at that proposition we took the difficult way and since then we are going on and on.

Some people make partners and set up small business units, that thing is not existing now a days due to benefits we received earlier are not seen today, we had not tried to cut on taxes, we want to have peaceful sleep at night, we don't want to cut down on these, and since then we are going this way. Growth, productivity and efficiency have been there right from the beginning, productivity in Ludhiana has been like when you buy a machine the seller will say it will produce 1000 pieces an hour, the worker is able to give us 1300 pieces and that's the kind of support we have got from our workers and in this when I joined I realized that the efficiency is very high but there is no formal Industrial Engineering requirement in the company, its already done by the workers, by the people who design tools there is no need for a separate department.

Just in time, this is what Honda made us realize that this is what the term called on what we were doing, as I said that we were making frames but for tires they have an office in Jalandhar, there were other parts coming from Chennai etc. all these things when it holds up your production you want to do something and our chairman has been traveling a lot to Europe to the machinery manufactures etc. In 1961 he bought a set of chain manufacturing machine, when we set up that plant the minister who came to inaugurate that he said I am very happy today but next time I will be very happy if you do not import the machine but make them here, a year later we called them as we had made another set of chains, so one by one we had setup facilities in Ludhiana itself. Now just in time was within a day many times we producing same item two or three times in a day and if there are two three manufacturers we got it two three time in a day, so we got over the age of shortage of goods we localized almost everything.

Ancillarization is what we had with us, never march alone "Chalo to karvan le ke chalo" we had friend, relatives, others in the product line, ex-employees, we provide them in terms of design, technology, finance inspiration and that's what enough for them. As part of employee policy, they are all growing with us, Hero is growing, grow with hero, that's the slogan. There is no organized labor union in the worker and staff, when Honda people came here there was a difference in unions here and what unions they have there, for us staff is part of the company, part of the country.

One system that helped us is piece rate system, we paid staff in terms of pieces they produce, and they want to work more, hard, more work more money. We share close relationships, fair, no bias, ethical, is the important part of the hero family. We have got 5000 of them between the bicycle and motorcycles they are our direct dealers, no distributors, no commission no warehouse, directly we send them the complete thing. Our sales staff sends us daily reports, we have one sales person from every state to visit and check the truck loading with the order. There is one thing we have been doing is that to make the bicycle economical with the changing prices of nickel, copper, steel, rubber, plastics, so many things going up, and still maintain the quality. Technology up gradation and this we have been doing by partly passing this to the customer but bearing the major portion our self and trying to recover it through the growth. Some body asked me one day what is the break even point of bicycles, and he was surprised with the answer, it is between 88-90%. We do networking by building personal relations knowing each others families, name of children, etc. Market share has always been growing and since 1966 it has been highest in the industry. Today we have tough competition with companies that have foreign equity, like Rayleigh, Hercules, and hind, Atlas, Avon, and RMI. The financial planning has been done very well; we took our first loan worth Rs 60,000 for our first big order. Today we have more investment in SBI. We have three generations in business, its been a family business since beginning, our culture, our values, has been passed from one to next generation. At least 50-60 days we all get to-gather on the morning, and get preaching from a Mahatma. We try to work hard and make our way through.

We are informal close knit structure encourage decision making at all levels by family or other members. We had visited European Industry and order equipment of new technology with least formalities. Our competition structure took much longer Paint Shop, Electroplating. We had no time wasted during operation Blue, we got opportunity to get inside the factory, we must deliver, and all R&D is devised in the making. Our grandmother used to say ladte ladte uthana, ladke mat uthna, so we have made our way. We have difference of opinion but never fight. SO with this I end here, I hope my picture will be there in this Mindia presentation after this. I thank you all.

Thank You

(ENDS)